

Report of the Director of Finance to the meeting of the Governance and Audit Committee to be held on 21 January 2021.

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Subject:

INTERNAL AUDIT PLAN 2020/21 – MONITORING REPORT AS AT 30 NOVEMBER 2020

Summary statement:

This report monitors the progress made by Internal Audit against the Internal Audit Plan for 2020/21 as at 30 November 2020.

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Portfolio

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Improvement Area:

Corporate

1. SUMMARY

- 1.1 The purpose of this report is to bring to the attention of members of the Governance and Audit Committee (G&AC) any significant issues arising from the audit work undertaken to date and to inform them about the progress made up to 30 November 2020, against the Internal Audit Plan, which was approved by the Committee on 25 June 2020.

2. BACKGROUND

- 2.1 Internal Audit is part of Financial Services within the Department of Corporate Resources. This is the monitoring report on the Internal Audit Plan for 2020/21. This is detailed in Appendix 1. Due to the emergency arrangements for the first half of the year Internal Audit work was significantly curtailed which is why this report has been prepared in January rather than the normal November date of issue.
- 2.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.

The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations.

- 2.3 The response to the emergency arrangements saw a significant proportion of Internal Audit resources diverted to support urgent Council priorities. The original plan was for this to continue until July and then return to a normal focus on Internal Audit activity. This was not achievable whilst there has been a significant return to Internal Audit work a number of the team are still supporting Council priorities such as the distribution of business grants and public health emergency planning.
- 2.4 CIPFA has issued further guidance on Internal Audit activity which this report summarises. One potential outcome would be for the Head of Internal Audit to issue a qualified opinion due to the level of internal audit scrutiny on Council affairs. This is not the current expectation at Bradford, due to the work currently completed, revisions to the rest of the year's plan and other sources of assurance that can potentially be relied on.

3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION

- 3.1 Not Applicable.

4. OTHER CONSIDERATIONS

- 4.1 There are no other considerations.

5. OPTIONS

- 5.1 Not applicable

6. FINANCIAL AND RESOURCE APPRAISAL

- 6.1 The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk and deal with financial uncertainty.

7. RISK MANAGEMENT

- 7.1 The work undertaken by Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. Consideration was given to the corporate risk register when the Audit Plan for 2020/21 was drawn up and any issues on the risk register that relate to an individual audit are included within the scope.
- 7.2 The key risks examined in our audits are discussed with management at the start of the audit and the implementation of recommendations is followed up with Strategic Directors.

8. LEGAL APPRAISAL

- 8.1 The Accounts and Audit Regulations for 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are detailed in the Public Sector Internal Audit Standards supported by CIPFA's Local Government Application Note.

9. OTHER IMPLICATIONS

9.1 Equality and Diversity

Internal Audit seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work, Internal Audit reviews the delivery of services to ensure that they are provided in accordance with the formal decision making process of the Council.

9.2 Sustainability Implications

When reviewing Council Business, Internal Audit examines the sustainability of the activity and ensures that mechanisms are in place so that services are provided within the resources available.

9.3 Greenhouse Gas Emissions Impacts

There are no impacts on Gas Emissions.

9.4 Community Safety Implications

There are no direct community safety implications.

9.5 Human Rights Act

There are no direct Human Rights Act implications.

9.6 **Trade Union**

There are no implications for the Trade Unions arising from the report.

9.7 **Ward Implications**

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

9.8 **Implications for Corporate Parenting**

None

9.9 **Issues Arising from Privacy Impact Assessment**

None

10. **NOT FOR PUBLICATION DOCUMENTS**

10.1 None.

11. **RECOMMENDATIONS**

That the Governance and Audit Committee:

11.1 Endorse the anticipated coverage and changes of Internal Audit work during the year.

11.2 Requires Internal Audit to monitor the control environment, risk management and governance arrangements and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.

12. **APPENDICES**

Appendix 1 – Internal Audit Plan for 2020/21 – Monitoring Report as at 30th November 2020.

13. **BACKGROUND DOCUMENTS**

13.1 G&AC report dated 25 June 2020 – Internal Audit Plan 2020/21.

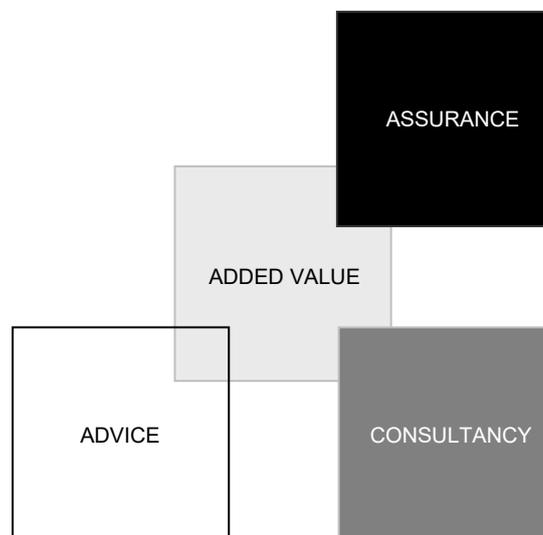
Internal Audit



INTERNAL AUDIT PLAN 2020/21

MONITORING REPORT

AS AT 30.11.20.



DEPARTMENT OF CORPORATE RESOURCES

1 INTRODUCTION

- 1.1 The Internal Audit Annual Plan for 2020/21 was approved by the Governance and Audit Committee (G&AC) at its meeting on 25 June 2020. This report is the monitoring report for this financial year. It identifies the progress made against the Internal Audit Plan up until 30 November 2020 and identifies any significant audit issues arising.
- 1.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.
- 1.3 The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations. In response to the Covid crisis CIPFA have issued guidance to local Authorities and Heads of Internal Audit on how they should meet their statutory duties. This guidance is summarised in the report

2 CIPFA GUIDANCE NOVEMBER 2020

- 2.1 CIPFA recognises that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, the Head of Internal Audit (HIA) will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the Governance and Audit committee who rely on that opinion. There may also have wider consequences for stakeholder assessments of the organisation.
- 2.2 CIPFA recognises that the impact of COVID-19 and the capacity of the Council to respond will vary as a result of a number of factors. Alongside direct internal audit work the HIA can also place reliance on other assurance providers. However it is important to recognise that the quality and availability of that other assurance may also be impacted adversely by the pandemic in some organisations. These factors are likely to be beyond the control of the HIA. The factors impacting on the availability of assurance from internal audit and other sources of assurance include:
 - the changing risks and impacts on the organisation itself
 - whether key governance, risk management and internal control arrangements have deteriorated or been maintained
 - changes to the resource base of internal audit, whether staff or budget related demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
 - operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced output

2.3 Where one of these situations is a risk then the HIA should take steps to inform the leadership team and audit committee of it as soon as possible and identify the underlying reasons. As part of the discussions with the leadership team and audit committee the HIA should identify the following:

- the extent of limitation of scope that is likely
- the reasons for limitation being necessary
- remedial steps planned or sought to minimise the extent of the limitation
- consequences of not addressing the risk that a limitation of scope will impact on the opinion

3 RESOURCES

3.1 Decrease in Audit Resources

The Internal Audit Plan for 2020/21 has 666 days (27%) less capacity than in 2019/20 (1839 days v 2505 days). The net decrease is due to Internal Audit capacity being deployed in support of the Council's response to the Covid 19 pandemic. Internal Audit staff was temporarily transferred to accountancy to support closedown and were also deployed to identify and assess business grant applicants. Other ad hoc pieces of work were also undertaken.

Due to the on going Council Response to the Covid 19 crisis the Internal Audit Plan was suspended from the 1st April to the 30th June, with the plan therefore being effective from the 1st July to the end of the financial year.

The Audit Plan includes 255 days in the Audit Plan for auditing the West Yorkshire Pension Fund and a further 33 days for the management of insurance and risk management. The net planned audit days provided to Bradford Council in 2020/21 is 1551 days.

3.2 Covid 19 Response

During the current Covid Crisis Internal Audit resources have been, and continue to be, deployed to assist the Council's Covid 19 response. Internal Audit has supported Revenues and Economy & Development in the process design of Business Grants, contacted businesses to assist in the take up of available business support grants, evaluated and processed claims for financial support and assisted in post payment assurance. In addition, Internal Audit has advised Procurement on how to deliver supplier relief, given support to Accountancy and are assisting Public Health with outbreak monitoring.

4 SERVICE DELIVERY

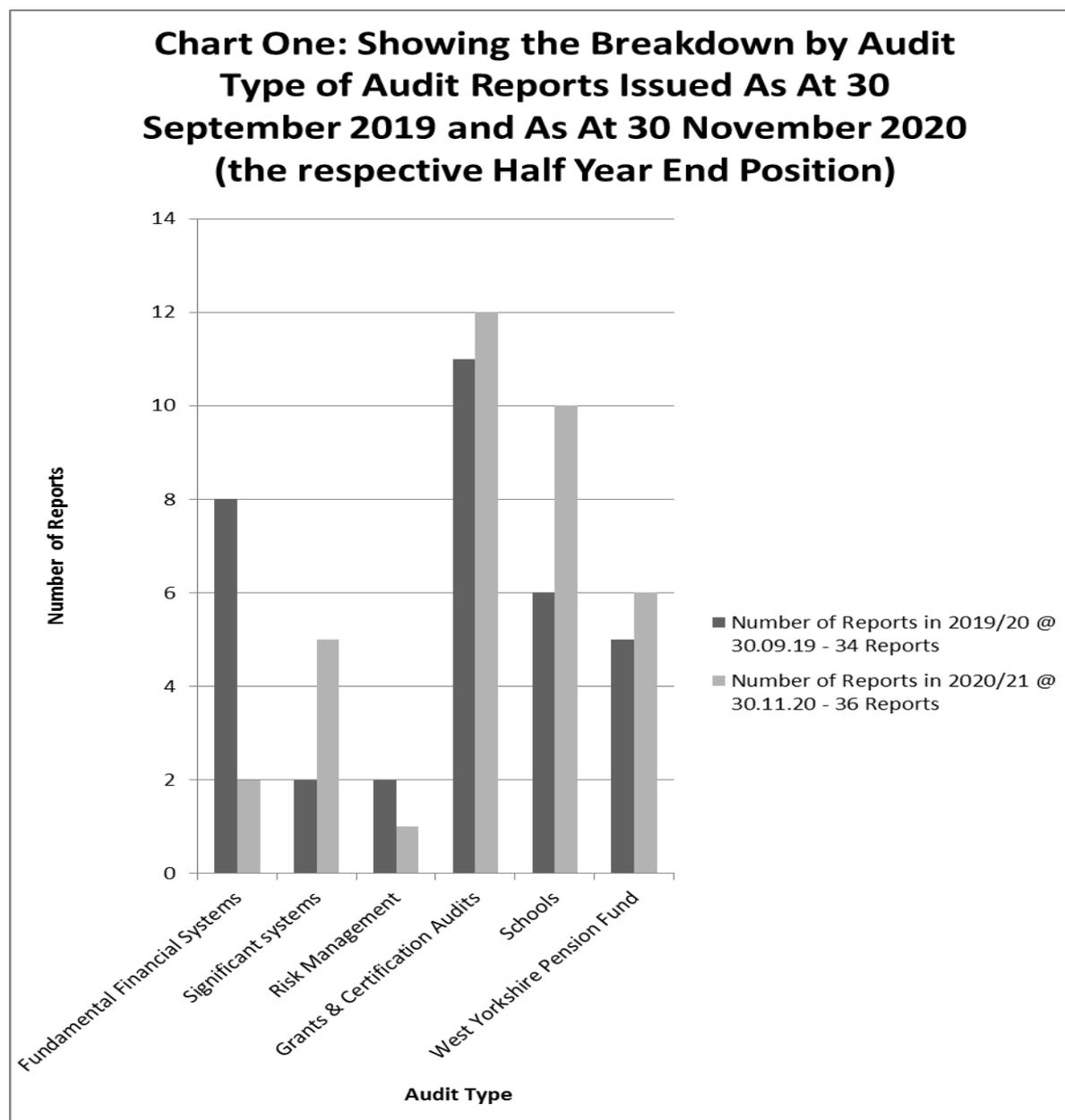
4.1 Audit Coverage

As at 30 November 2020, the half year position for the 2020/21 audit plan, 38% of the 2020/21 audit plan has been completed compared to last year when 45% of the 2019/20 audit plan had been completed at the half year position of 30 September 2019.

It is forecast that Internal Audit will not achieve its target level of 90% completion of the audit plan by the end of the financial year. This is due to additional Internal Audit

capacity being deployed since 1 July to support of the Council’s response to the Covid 19 pandemic and the limitations of remote working. Currently it is forecast that approximately 70% of the audit plan will be completed but this is subject to change as the demand for Internal Audit capacity in the remainder of 2020/21 to support the Covid 19 response is uncertain.

All Internal Audit assignments result in an Audit Report that identifies the audit coverage, findings from the audit, risks arising from identified control weaknesses and prioritised audit recommendations. Chart One below shows that as at 30 November 2020 a total of 36 reports have been issued, which compares with 34 reports issued as at 30 September 2019. The chart shows a breakdown of the reports by audit type.



4.2 Control Environment

The following table details the opinions from those audits over the last two years where an appraisal of the overall system could be obtained. As can be seen the proportion of reports assessed as either good or excellent opinions is generally consistent over time and account for approximately 80% of the opinions reached.

Whilst reassuring, this is as expected as Internal Audit's core focus is on fundamental and significant systems. Further, Internal Audit's work includes an increasing proportion of grant certification and West Yorkshire Pension Fund audits, both of which have a track record of being well controlled.

Table One: Six Monthly Analysis of Audit Opinions raised in Internal Audit Reports issued in the Period 1 October 2018 to 30 November 2020*

Opinions	1 Oct 2018 to 31 March 2019		1 April 2019 to 30 Sept 2019		1 Oct 2019 to 31 March 2020		1 April 2020 to 30 Nov 2020*	
	Total	Proportion	Total	Proportion	Total	Proportion	Total	Proportion
Excellent	8	24%	13	43%	5	23%	13	43%
Good	16	48%	10	33%	12	54%	11	37%
Partially Effective	8	24%	7	23%	5	23%	5	19%
Ineffective	1	3%	0	0%	0		1	3%
Total Relevant Reports	33		30		22		30	
Not applicable**	3		4		4		6	
Total Reports	36		34		26		36	

* Due to the on going Council Response to the Covid 19 crisis the Internal Audit Plan was suspended from the 1st April to the 30th June, to enable Internal Audit to support critical activities. The Audit Plan therefore applies from the 1st July to the end of the financial year, with 30 November in effect being the half year position for the 2020/21 Audit Plan.

** Internal Audit gives an opinion on the control environment whenever it is appropriate to do so. However, audit reports that provide advice, review specific control concerns or investigate irregularities generally do not have an opinion as they are too limited in scope.

The analysis above relates to those reports with opinions. Opinions are derived from a standard analysis of the level of control satisfaction and number of high priority recommendations within a report. Where reports are produced that do not relate to the planned evaluation of risks and controls, for example in response to requests for advice on specific matters, or in response to known control failures there is often no opinion applied to the report.

Internal Audit looks to minimise those reports without an opinion. Reports without an opinion were 17% (6) of all reports issued over the period 1.4.20 to 30.11.20.

The audit work has identified that 78% of controls examined were operating satisfactorily, a marginal reduction on the 80% that were operating satisfactorily in 2019/20. All concerns arising from the audit assignments result in an audit recommendation. To date, 97% of our audit recommendations have been accepted by management.

4.3 Follow Up of Audit Recommendations

Normally we report to G&AC on the progress of implementing recommendations in this report, but given the situation with Covid 19, we have not as yet followed up audit recommendations with service managers, but will be doing so in the coming months and will report the outcome in the Annual Report.

4.4 Summary of Audit Reports and Findings

A summary of the routine audits undertaken and the recommendations identified is reported in Appendix A.

5. Annual Assurance Process

5.1 The evidence supporting the conclusions in the Annual Governance Statement has remained unchanged for a long time at Bradford Council. This has been based on Services completing a rolling three year programme of key control self-assessments. For 2020/21 it is proposed to move to an alternative service based questionnaire which covers a far broader governance agenda. Each Service manager would complete the survey. This approach is similar to the assurance process currently operated by Schools which has been successful in improving governance. This survey would then be used to provide further assurance for the Annual Internal Audit Opinion for this financial year.

5.2 In order to strengthen the level of assurances it is important that service managers engage with the process and take professional care when completing the returns including providing supporting evidence. Internal Audit will provide a level of check on these returns however due to the time limitations this will not be as comprehensive or experienced based as the scrutiny provided for Schools. Strategic and Assistant Directors will retain the overall responsibility for the assurances made from their Department. It is not proposed to alter other sources of evidence such as the fraud risk assessments and letters of representation at the current time.

6. Overall Annual Internal Audit Opinion

At the current time it is not possible for the Head of Internal Audit to issue an opinion however from the audit work performed to date, Internal Audit has no evidence to indicate that the Council's internal control framework, risk management and governance processes is not effective. The Head of Internal Audit expects to be in the position to give an unqualified Internal Audit Opinion by the end of the financial year dependent on future events and planned activity. However this requires the current level of resources identified and service departments to facilitate the audit process.

7 Existing and Planned Changes to Internal Audit Coverage in 2020/21

During the year the audit plan is subject to revision in light of requests for, or the need to do additional unplanned audit work and also to reflect any in year changes in available resources. Action is taken as appropriate to ensure that audit resources are efficiently and effectively deployed. The 2020/21 audit plan has been revised.

Appendix B indicates those audits added to the plan and those that have been replaced. Those audits replaced will be considered when establishing the 2021/22 audit plan, but in a number of cases it is anticipated that there will no longer be a need for the audit work in 2021/22.

In determining these plan changes, Internal Audit has considered a number of relevant factors including risk and impact of control failure, external funding requirements, prior audit assurance, maturity of the control environment, appropriate timing for the review, Corporate and Directors' priorities.

It is proposed that the section continues to focus on Fundamental and Significant Systems work in the second half of the financial year as these areas of work materially contribute to audit's opinion on the Council's control environment.

The fundamental and significant systems planned to be covered in the second half of the year include the following.

Fundamental Systems Audit	Significant Systems Audit
Payment of Feeder Files	Out of Authority Placements
Supplier Maintenance	Health & Safety
Payroll Third Party Payments	Review of Drainage Maintenance Contract Award
Agency Spend	Regeneration Grants/Loans/Business Rates Relief
Accounts Payable Assurance	Trade Refuse and Recycling Income
Accounts Receivable Assurance	Early Years Education and Childcare
Benefits Assurance	Land Charges
Treasury Management (Council)	Income Compensation Scheme
Council Tax Assurance	
NNDR Assurance	
Payroll assurance	
Supplier Relief Review	
Budgetary Control & General Ledger	
Business Support Grant Post Fraud Assurance/Recovery Work	
Purchase cards	

8 Internal Audit's Performance Indicators

Client Feedback

After each audit a client feedback questionnaire is issued to the appropriate officer to obtain feedback from them about the audit. 100% of the officers that responded said that the audit recommendations made were useful, realistic and overall the audit was of benefit to management.

Timeliness of Audits

As at the end of November 2020, 83% of draft reports were issued within 3 weeks of finishing the site work, which is above the target of 80%. 100% of final reports were issued within a week of the post audit meeting. The timeliness of issuing draft and final reports is crucial to providing a good service to officers, enabling them to deal with the issues raised and consider the recommendation made.

9 Internal Audit Quality Assurance Improvement Plan

In accordance with Public Sector Internal Audit Standards Internal Audit has developed and maintains a Quality Assurance Improvement Plan (QAIP). The QAIP establishes and maintains best practice and drives continual improvement. Improvement developments that Internal Audit has progressed in 2020/21 are the

- Review of the content of Internal Audit Plan to cover new risks that haven't arisen through the direct and indirect effects of the Pandemic.

- Review and revision of the audit approach for maintained schools to meet the DfE's proposal, now withdrawn, to audit all schools every 3 years. This revised approach was then used as the basis for the remote auditing of schools in 2020/21.

Appendix A Summary of Audit Reports and Findings

Appendix B Unplanned Audit Work Included in and Planned Audit Work Deleted from the Revised 2020/21 Internal Audit Plan as at 30.11.20

Summary of Audit Reports and Findings**1. Fundamental Systems**

- 1.1 During the period to 30.11.20, two audit reports were issued relating to fundamental systems. The Certification of Payroll Contributions 2019/20 to the West Yorkshire Pension Fund gave an excellent audit opinion providing assurance that the pension contribution system worked well in 2019/20.
- 1.2 The second audit report, which did not have an audit opinion due to its limited scope, related to a high level review of the process changes for cash collection and delivery that were expected to occur when the contractor, Security Plus, took over this role from the Council. The audit was performed in advance of the contract commencing and concluded that the arrangements expected to be in place would provide and maintain the level of control expected over cash collection and cash in transit. Further, three high priority recommendations were made and accepted by management to further enhance these arrangements.

2. Significant Systems

- 2.1 During the first half of the year, five reports relating to significant systems were issued, two had good audit opinions and three had partially effective audit opinions. The three audit reports with partially effective audit opinions are summarised below.
- 2.2 The audit of Post 16 Placements gave a partially effective opinion due to concerns that duplicate payments were occurring due to two payments systems being used, with no checks performed to ensure that the same invoices were not paid through both systems; the monitoring of high cost placements only included those placements identified at the start of the financial year and did not include any new high cost placements occurring in year; there was no quality assurance framework for providers in place, which may lead to a young person being placed in unsuitable accommodation.
- 2.3 The Council wide GDPR/Information Governance review raised 13 high priority recommendations for improving control of the following risks: information is collected without purpose; information is held for excessive periods of time; there is a lack of clarity as to how information will be used; Information is mishandled; Privacy Notices are incomplete or non-existent; Data sharing agreements do not cover the Department's requirements. Management agreed with all of the recommendations and had implemented some at the time the audit report was issued.
- 2.4 The audit of Continuing Health Care (CHC), which was jointly performed with the CCG auditors, Audit Yorkshire, identified a number of key areas for improvement relating to the governance framework in which CHC operates, monitoring and oversight of CHC activity and the reliability of data, elements of the National CHC Framework that are not being met, IT systems to support the CHC framework and timeliness of invoice checks and payment.

3. Schools

3.1 School Audits

Between April 2020 and the end of November 2020, ten reports relating to schools were issued and a new approach to delivering school audits was implemented in September in response to Covid 19.

a) Reports issued up to September

Between April and the end of September six audit reports were issued;

- two reports related to individual primary school audits. Both included recommendations to improve the control environment at each school that had been visited, with audit opinions of Ineffective and Good.
- the third report related to a review and update of the Council's document Scheme for Financing Schools resulting from an update to the Department for Education's (DfE) National Scheme.
- the fourth report was an analysis of school's self-assessment returns relating to the Schools Financial Value Standard (SFVS) process for 2019/20, which is referred to in more detail below.
- the fifth and sixth reports resulted from the investigation of concerns raised regarding the recent award of a catering contract by a primary school; one report being issued to the source of the concern and the other report to the school itself.

b) New Remote Audit Approach to School Audits

Due to the effects of the recent Covid-19 pandemic, and acknowledging that there would be practical limitations on making school visits to undertake audit work for the financial year 2020/21, the decision was taken in the Summer that school audits would be conducted remotely for the foreseeable future, unless circumstances required otherwise.

Internal Audit's changed approach to providing assurance that Council maintained schools were managing their finances effectively was initially to issue all schools with a self-assessment checklist, to examine 21 expected controls, associated with 6 key system areas. These expected controls, which are the same as those that are considered during an on-site full school audit, would enable the school to assess its current day to day financial practices. No supporting evidence was required from schools to support their responses recorded on the returned completed checklist; it was left to the school to respond correctly (Yes or No), with the returns being signed by the Head Teacher and Business Manager.

The next phase of the remote audit approach involves a number of schools being selected for more detailed audit testing of 3 of the 6 key system areas; Governance and accountability, Purchasing and payments, Payroll. To date 20 schools have been requested to provide specified documentation to enable this testing to occur. Each school audited at this stage will be issued with an individual audit report.

Stage 1 of this new audit approach began in September 2020, with 72 (75%) of the Council's 96 maintained schools being issued with the checklist. The list excluded all schools that had received a full school audit within the last two years or was likely to convert to Academy status in the very near future. By mid-October, all 72 checklists had been completed and returned (100%) and an analysis was undertaken to assess

the value of the exercise. Stage 2, more detailed audit testing of a select number of schools began in November.

c) Reports issued in October & November

Between October 2020 and the end of November, four reports relating to schools were issued. These were:

- a report on the analysis, referred to above, of the school's self-assessment returns relating to Stage 1, to the Director of Finance.
- a report relating to sixth form funding assurance to the DfE for 2019/20, which is referred to in more detail in 3.3 below.
- two individual audit reports to two secondary schools reporting the outcome of Stage 2 detailed audit testing. Both reports had audit opinions of Good.

3.2 Schools Financial Value Standard

At the 2019/20 year end, 89 of the city's 101 maintained schools were required to complete a self-assessment against the DfE's SFVS. 12 were not: 11 were considered as exempt due to the presence of an Academy Order and one because its closure was considered as sufficiently imminent (Tracks).

As at 31st March 2020, 82 returns had been received, 77 from the 89 expected (87%) and five from the 12 exempt (42%). Overall, 81% of the city's maintained schools had supplied a return, leaving 12 still required to be completed and returned.

The numbers of returns received by the 31st March traditionally informs an annual position statement declared by the Director of Finance to the DfE at the end of May. However, this requirement was suspended by the DfE in April 2020 because of the onset of the Covid-19 pandemic.

It was considered and concluded that even though there was no longer a requirement for the Council to report to the DfE on the 2019/20 SFVS returns received from schools by 31st March 2020, there was value in obtaining and analysing all the assessments supplied by schools, to provide financial management assurance for the schools in the district. Non-returned SFVS returns are being pursued.

Three further returns were received in July, leaving nine outstanding. One school is due to close during 2020/21 and it was concluded that it was unlikely that pursuing a return would be an effective use of resources. The remaining eight schools are included in Stage 2 detailed audit testing, as referred to above, with the intention of securing a completed return by the finalisation of the audit.

3.3 Sixth Form Funding Assurance

Internal Audit provided a high level assurance piece of work in relation to sixth form funding totalling £6.8m, to enable the funding assurance statement for 2019/20 to be signed off by the Director of Finance and returned to the DfE.

4. Grants

Grant certification work is carried out in response to conditions placed on central government targeting of funding to local authorities, for example funding for pot hole repairs on the District's highway network.

The grants requiring certification can vary and change each year. The audit plan for 2020/21 has seen the number of grants requiring review decrease by one to ten. To date 12 reports have been issued relating to capital and revenue grants that required Internal Audit certification.

The values of the grants varied considerably, conditions also varied and included confirming that targets had been met, that funds had been appropriately spent and that other requirements, such as publication of how the grant had been used, had been complied with.

Overall Internal Audit has been able to give a positive opinion for all grants and consequently no funding has been lost.

5 Computer Audit

Computer audit services are provided by Salford Council (who provide Computer Audit for a number of Councils and organisations in the North West) under a contract arrangement. They are working to a three year audit plan covering the period 01/10/19 to 30/09/22 which was informed by an initial needs assessment. The planned work for 20/21 was been delayed as a result of the pandemic, however three audits are now underway and a further two are being scoped for delivery early in the new year.

6. West Yorkshire Pension Fund (WYPF)

During 2020/21 Internal Audit will carry out a variety of audits in the West Yorkshire Pension Fund (WYPF), in accordance with the annual plan agreed with WYPF management. Reports issued to the 30 November 2020 were in respect of the following:-

- **Review of WYPF 2019/20 Accounts.** This audit is carried out annually at the request of the WYPF Financial Controller to assist in producing accurate, easy to read information within the financial accounts.
- **Transfer of Custodial Arrangements.** The formation of the Northern LGPS Investment Pool, of which WYPF are a member, a decision was taken to appoint a common custodial provider being the Northern Trust Bank. This audit was a high level review of the management of the transfer of assets (held by the previous custodian the HSBC), to the Northern Trust Bank. No issues were identified as a result of this work.
- **GLIL.** GLIL is an Infrastructure investment partnership which, in addition to the WYPF, also includes the Local Pension Partnership, Lancashire County Pension Fund, Greater Manchester Pension Fund and Merseyside Pension Fund under a partnership agreement. This audit reviewed WYPF investment in this asset class which has resulted in one high priority recommendation being made.
- **Transfers Out.** When a member ceases to be employed by an admitted body of the WYPF they can choose to transfer their pension benefits into a new scheme, to do this a transfer value must be calculated. The audit has reviewed the control environment surrounding this process which was found to be of an excellent standard.
- **Pensioners Payroll.** The pensioner's payroll process was reviewed, the majority of these payments are made mainly on a monthly basis, to almost 141,000

pensioners. The process was found to be well controlled with no issues identified.

- **New Pensions and Lump Sums Flexible Retirements.** This audit examined the calculation of the pension benefits for those members who have chosen the Flexible Retirement option with the agreement of their scheme employer. The control environment around this process was found to be of a good standard, however, the review resulted in two recommendations for improvement being made.

7. Full List of Internal Audit Completed in 2020/21 As At 30 November 2020

7.1 A full list of the reports issued this financial year to date is detailed below.

Audit Category	Client	Opinion	Title
Fundamental Systems	Corporate Resources	N/A	Changes to Cash Collection Service
Fundamental Systems	Corporate Resources	Excellent	Certification of Payroll Contributions 2019/20
Grants	Children's Services	Good	Troubled Families Phase 3 Outcome Plan April 2020
Grants	Place	Excellent	Cycle City Ambition Grant
Grants	Place	Excellent	Pot Hole Funding Grant 2019/20
Grants	Place	Excellent	West Yorkshire Plus Transport Fund Grant 2019/20
Grants	Place	Excellent	West Yorkshire Combined Authority Local Transport Block Funding 2019/20
Grants	Children's Services	Good	Troubled Families 2020/21 - Claim 1
Grants	Place	Excellent	Urban Traffic Management Control Centre Element A Grant Funding
Grants	Place	Excellent	Local Highway Maintenance Funding 2019/20
Grants	Place	Excellent	National Productivity Investment Fund 2019/20
Grants	Children's Services	Excellent	Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant 2019/20
Grants	Children's Services	Good	Troubled Families 2020/21 - Claim 2
Grants	Place	Effective	Disabled Facilities Grant 2019/20
Risk Management	Children's Services	Good	Strategic Risk Management - Children's Safeguarding Incident
Schools	Corporate Resources	N/A	Amendments to Scheme for Financing Schools
Schools	Children's Services	Good	Wibsey Primary School
Schools	Children's Services	Ineffective	Ley Top Primary School
Schools	Children's Services	NA	Concerns Regarding Knowleswood Primary

			School Catering Contract
Schools	Children's Services	N/A	Analysis of SFVS Returns 2020
Schools	Children's Services	N/A	Knowleswood Primary School Catering Contract
Schools	Children's Services	Satisfactory	Sixth Form Funding Assurance Statement 2019/2020
Schools	Children's Services	Satisfactory	School Audits 2020 Stage 1 Checklist Analysis
Schools	Children's Services	Good	Bingley Grammar School 2020/21
Schools	Children's Services	Good	Titus Salt School 2020/21
Significant Systems	Children's Services	Partially Effective	Post 16 Placements
Significant Systems	Children's Services	Good	Fostering - In House Foster Carers
Significant Systems	Corporate Resources	Good	PPE Procurement
Significant Systems	Corporate Resources	Partially Effective	GDPR - Council Wide Combined Audit Report
Significant Systems	Health & Wellbeing	Partially Effective	Continuing Health Care
West Yorkshire Pension Fund	Chief Executive	Excellent	West Yorkshire Pension Fund Transfer of Custodial Arrangements
West Yorkshire Pension Fund	Chief Executive	Good	West Yorkshire Pension Fund - GLIL
West Yorkshire Pension Fund	Chief Executive	N/A	West Yorkshire Pension Fund Review of Accounts 2019/20
West Yorkshire Pension Fund	Chief Executive	Excellent	West Yorkshire Pension Fund - Transfers Out
West Yorkshire Pension Fund	Chief Executive	Excellent	West Yorkshire Pension Fund - Pensioners Payroll
West Yorkshire Pension Fund	Chief Executive	Good	West Yorkshire Pension Fund New Pension & Lump Sums Flexible Retirements

Unplanned Audit Work Included in and Planned Audit Work Deleted from the Revised 2020/21 Internal Audit Plan as at 30.11.20

Additional unplanned audit work done/propose doing in 2020/21	Reason	Planned audit work proposed not doing in 2020/21	Reason
Emergency Governance Arrangements	Review of the emergency governance arrangements invoked in response to Covid 19	Capital Schemes	Not priority.
Catering Contract Knowleswood Primary School	Business Advisor School Funding requested review of contract award	Develop consultancy approach & perform consultancy work	Not priority. Defer until 21/22.
Urban Traffic Management Control Centre Element A	New Highways grant requiring certification	Project Assurance	Not priority. Defer until 21/22.
		Council Tax Valuation / Liability / Billing /Refunds/Collection	Not priority. Defer until 21/22. Some assurance is coming from a related high level review.
		External Payroll Provision including billing for salary costs	Not Priority. Defer until 21/22.
		Final Accounts Review	Not Priority. Defer until 21/22.
		Procurement Processes (Quotes, Tenders, Contract Award)	Not Priority. Defer until 21/22.
		BACES	Not Priority. Defer until 21/22.
		Court of Protection/Deputyships/Receivers hips & Appointeeships	Not Priority.
		Duplicate Payments Review of Children's Services	Not Priority.
		Energy Management/Carbon Reduction/Utilities	Not Priority.
		Financial Control, Cash Spend, Allowances (Children's Services)	Audit not required as Internal Audit are contributing to the Improving Financial Management Project that is reviewing these areas.
		Invoicing Adult Social Care Users (was put on hold in response to Covid 19)	Not Priority. Lost income to be recouped from Central Government.
		Legal Compliance	Not priority. Audit work is demand-led as notified by Legal Services.
		Resilience of Key suppliers / Partners to support new ways of working	Potential area to review in early days of pandemic that was not performed, now not priority.

School Catering	Not Priority.
School Funding Allocation	Not Priority.